

Message Text

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12

ACTION OPIC-06

INFO OCT-01 EA-06 ISO-00 XMB-02 EB-07 AID-05 TRSE-00 AGR-05

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P R 020741Z MAY 75

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC PRIORITY 9841

INFO USDOC WASHDC

LIMITED OFFICIAL USE SEOUL 3120

STATE PASS OPIC AND EXIMBANK

E.O. 11652: N/A

TAGS: ETRD, EINV, KS

SUBJECT: MAJOR PROJECT: STATUS DOW AND AGRICO INVESTMENTS

REF: (A) STATE 092143 (NOTAL)

(B) SEOUL A-63 (NOTAL)

(C) SEOUL 2506 (NOTAL)

(D) SEOUL 2665 (NOTAL)

FOLLOWING UPDATES PROJECT STATUS AS REQUESTED REF A.

1. AGRICO RECEIVED ROKG APPROVAL FOR INVESTMENT IN KOREA'S SEVENTH FERTILIZER PLANT ON APRIL 30, 1975. APPROVAL OF AGRICO BOARD ALREADY GIVEN. SITE DEVELOPMENT FOR SEVENTH FERTILIZER PLANT WELL UNDERWAY AND CONSTRUCTION SCHEDULED TO BE COMPLETED IN MID-1977.

2. ONLY OBSTACLE STILL CONFRONTING AGRICO IS FINANCING OF FOREIGN EXCHANGE COST OVERRUNS ON SEVENTH FERTILIZER PROJECT. EXIMBANK HAS APPROVED A DOLS 48 MILLION LOAN AS PART OF ORIGINALLY EST DOLS 225 MILLION FOREIGN EXCHANGE COSTS. OFFICIALS FROM AGRICO AND NAMHAE CHEMICAL CO. (SEVENTH FERTILIZER PLANT JOINT VENTURE FIRM) WILL VISIT EXIMBANK WEEK OF MAY 5 TO DISCUSS POSSIBLE EXIM GUARANTEE FOR EST
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DOLS 100 MILLION FOREIGN EXCHANGE COST OVERRUN.

3. AGRICO LOCAL REP SAYS OPIC INSURANCE A DEFINITE REQUIREMENT FOR AGRICO TO MAKE THIS INVESTMENT.

4. DOW INVESTMENT IN YOSU PETROCHEMICAL COMPLEX WAS APPROVED BY ROKG IN JANUARY 1975 AND WILL BE CONSIDERED BY DOW BOARD IN MAY. AS REPORTED REFS C AND D, YOSU PROJECT SCHEDULE HAS SLIPPED DUE TO DELAYS IN ACQUIRING FINANCING FOR NAPTHA CRACKER. DOW LOCAL REPS STILL EXPRESS ENTHUSIASM FOR YOSU PROJECT.

5. BOTH PROJECTS, SEVENTH FERTILIZER PLANT AND YOSU PETRO-CHEMICAL, ARE GIVEN VERY HIGH PRIORITY BY ROKG. ROK PRESENTLY IMPORTS LARGE PART OF AGRICULTURAL REQUIREMENTS AND INCREASED USE OF FERTILIZERS IS VIEWED AS NECESSARY TO INCREASE DOMESTIC FOOD SUPPLIES. PETROCHEMICAL PLANT PRODUCTS ARE NECESSARY INPUTS FOR TEXTILE INDUSTRY WHICH PROVIDES MAJOR PORTION OF ROK FOREIGN EXCHANGE EARNINGS.

6. GIVEN ROKG PARTICIPATION AND INTEREST IN THESE PROJECTS, AND REAL NEED FOR PRODUCTS TO BE OBTAINED, EMBASSY ENDORSES THESE NECESSARY AND VIABLE VENTURES AND STRONGLY RECOMMENDS FAVORABLE CONSIDERATION BY OPIC BOARD.
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Message Attributes

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